



TEXAS DEPARTMENT OF INSURANCE

Division of Workers' Compensation - Medical Fee Dispute Resolution (MS-48)

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MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name

Sentrix Pharmacy and Discount, L.L.C.

Respondent Name

Sentinel Insurance Company

MFDR Tracking Number

M4-17-2624-01

Carrier's Austin Representative

Box Number 47

MFDR Date Received

May 8, 2017

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "28 TAC §134.530 clearly states that preauthorization is only required for any compound that contains a drug identified with a status of 'N' in the current edition of the ODG Workers' Compensation Drug Formulary. In the case of the claim(s) at issue, all of the ingredients are identified with a 'Y' in the February 2017 Drug Formulary. As demonstrated by the enclosed documentation, all ingredients in the compounded medications subject to the claims at issue are included on the closed formulary."

Amount in Dispute: \$2,078.06

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "Based upon the available documentation for review, and the included noted guidelines; The Hartford respectfully does not recommend approval for the requested services of compound medication ... as reasonable or medically necessary."

Response Submitted by: The Hartford

SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
February 20, 2017	Pharmacy Services - Compounds	\$2,078.06	\$1,718.06

FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and applicable rules of the Texas Department of Insurance, Division of Workers' Compensation.

Background

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §134.502 sets out the procedures for pharmaceutical benefits.
3. 28 Texas Administrative Code §134.503 sets out the fee guidelines for pharmaceutical services.
4. 28 Texas Administrative Code §134.530 sets out the closed formulary requirements for claims not subject to

certified networks.

5. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
 - M123 – Prescription is incomplete

Issues

1. Did Sentinel Insurance Company (Sentinel) raise the issue of medical necessity in accordance with 28 Texas Administrative Code §133.240?
2. Is Sentinel's reason for denial of payment supported?
3. Is Sentrix Pharmacy and Discount (Sentrix) entitled to reimbursement for the compound in question?

Findings

1. Sentrix is seeking reimbursement of \$2,078.06 for a compound dispensed on February 20, 2017. The Hartford argued on behalf of Sentinel that "The Hartford respectfully does not recommend approval for the requested services of compound medication ... as reasonable or medically necessary."

28 Texas Administrative Code §133.240(q) states:

When denying payment due to an adverse determination under this section, the insurance carrier shall comply with the requirements of §19.2009 of this title ... Additionally, in any instance where the insurance carrier is questioning the medical necessity or appropriateness of the health care services, the insurance carrier shall comply with the requirements of §19.2010 of this title ..., including the requirement that prior to issuance of an adverse determination **the insurance carrier shall afford the health care provider a reasonable opportunity to discuss the billed health care** [emphasis added] with a doctor or, in cases of a dental plan or chiropractic services, with a dentist or chiropractor, respectively.

Review of the documentation submitted by The Hartford finds a utilization review presented to the injured worker, the injured worker's attorney, and the prescribing physician. No evidence was presented to support that the requesting health care provider, in this case, Sentrix, was given a reasonable opportunity to discuss the billed health care or notified of the utilization review. The division concludes that Sentinel did not raise the issue of medical necessity in accordance with 28 Texas Administrative Code §133.240.

2. Sentinel denied the disputed compound with claim adjustment reason code M123 – "Prescription is incomplete." The documentation submitted by Sentrix included a prescription from Dr. John T. Dang for the compound in question. This denial reason is not supported.
3. Sentrix is seeking reimbursement for a compound submitted as follows:
 - Salt Stable LS Base, NDC 00395602157, \$572.54
 - Baclofen 4%, NDC 00395803243, \$342.05
 - Amitriptyline 2%, NDC 00395804843, \$87.55
 - Ketoprofen 10%, NDC 00395805643, \$250.80
 - Amantadine 8%, NDC 00395805843, \$465.12
 - Gabapentin 5%, NDC 10695003507, \$360.00

The division finds that NDC 10695003507 is not a valid National Drug Code (NDC) as required by 28 Texas Administrative Code §134.502(d)(1). Therefore, this ingredient will not be considered for reimbursement.

28 Texas Administrative Code §134.503 applies to the compounds in dispute and states, in pertinent part:

- (c) The insurance carrier shall reimburse the health care provider or pharmacy processing agent for prescription drugs the lesser of:
 - (1) the fee established by the following formulas based on the average wholesale price (AWP) as reported by a nationally recognized pharmaceutical price guide or other publication of pharmaceutical pricing data in effect on the day the prescription drug is dispensed:
 - (A) Generic drugs: $((\text{AWP per unit}) \times (\text{number of units}) \times 1.25) + \4.00 dispensing fee per prescription = reimbursement amount;

- (B) Brand name drugs: $((\text{AWP per unit}) \times (\text{number of units}) \times 1.09) + \4.00 dispensing fee per prescription = reimbursement amount;
- (C) When compounding, a single compounding fee of \$15 per prescription shall be added to the calculated total for either paragraph (1)(A) or (B) of this subsection; or
- (2) notwithstanding §133.20(e)(1) of this title (relating to Medical Bill Submission by Health Care Provider), the amount billed to the insurance carrier by the:
- (A) health care provider; or
- (B) pharmacy processing agent only if the health care provider has not previously billed the insurance carrier for the prescription drug and the pharmacy processing agent is billing on behalf of the health care provider.

The compound in dispute was billed by listing each drug included in the compound and calculating the charge for each drug separately as required by 28 Texas Administrative Code §134.502(d)(2). Each ingredient is listed below with its corresponding reimbursement amount as applicable.

Ingredient	NDC & Type	Price/ Unit	Total Units	AWP Formula §134.503(c)(1)	Billed Amt §134.503 (c)(2)	Lesser of (c)(1) and (c)(2)
Salt Stable LS Base	00395602157 Brand Name	\$3.36	170.4 gm	\$624.07	\$572.54	\$572.54
Baclofen 4%	00395803243 Generic	\$35.63	9.6 gm	\$427.56	\$342.05	\$342.05
Amitriptyline 2%	00395804843 Generic	\$18.24	4.8 gm	\$109.44	\$87.55	\$87.55
Ketoprofen 10%	00395805643 Generic	\$10.45	24.0 gm	\$313.50	\$250.80	\$250.80
Amantadine 8%	00395805843 Generic	\$24.225	19.2 gm	\$581.40	\$465.12	\$465.12
Gabapentin 5%	10695003507 Invalid NDC	\$0.00	12.0 gm	\$0.00	\$360.00	\$0.00
Compound Fee	NA	\$0.00	NA	\$15.00	\$0.00	\$0.00
					Total	\$1,718.06

The total reimbursement is therefore \$1,718.06. This amount is recommended.

Conclusion

For the reasons stated above, the Division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is \$1,718.06.

ORDER

Based on the submitted information, pursuant to Texas Labor Code Section 413.031 and 413.019 (if applicable), the division has determined the requestor is entitled to additional reimbursement for the disputed services. The division hereby ORDERS the respondent to remit to the requestor \$1,718.06, plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this order.

Authorized Signature

<hr/> Signature	<hr/> Laurie Garnes Medical Fee Dispute Resolution Officer	<hr/> December 8, 2017 Date
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YOUR RIGHT TO APPEAL

Either party to this medical fee dispute has a right to seek review of this decision in accordance with Rule §133.307, effective May 31, 2012, *37 Texas Register 3833*, **applicable to disputes filed on or after June 1, 2012.**

A party seeking review must submit a **Request to Schedule a Benefit Review Conference to Appeal a Medical Fee Dispute Decision** (form **DWC045M**) in accordance with the instructions on the form. The request must be received by the division within **twenty** days of your receipt of this decision. The request may be faxed, mailed or personally delivered to the division using the contact information listed on the form or to the field office handling the claim.

The party seeking review of the MFDR decision shall deliver a copy of the request to all other parties involved in the dispute at the same time the request is filed. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §141.1(d).

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.